

# Present Value of a Single Amount

(Crossword Puzzle)

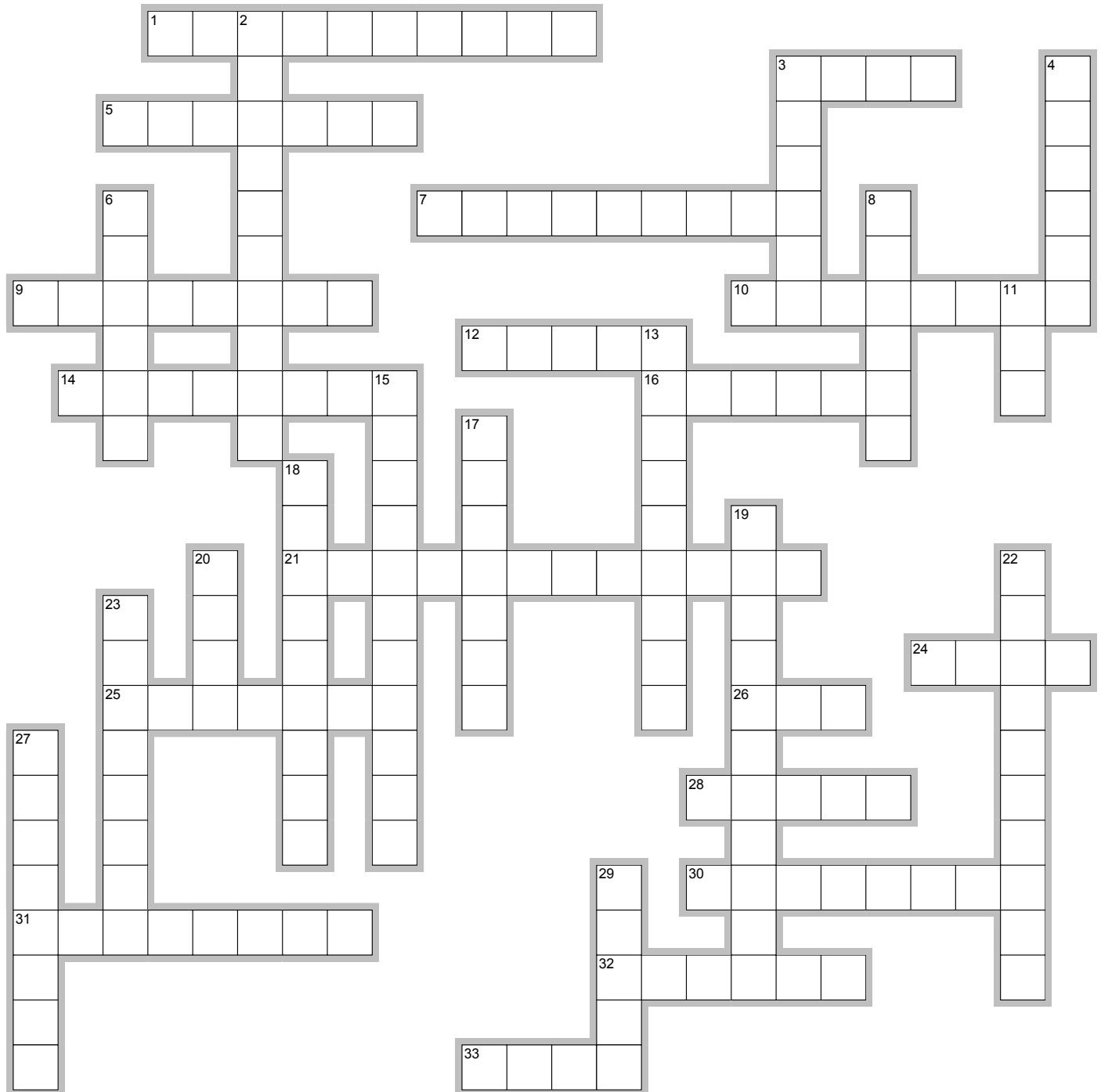


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# Crossword Puzzle (Present Value of a Single Amount)



## **ACROSS** (Present Value of a Single Amount)

1. Discount on notes \_\_\_\_\_ is amortized to interest revenue.
3. A \_\_\_\_\_ line is a visual aid that displays the known and unknown components of a PV of 1 calculation.
5. The further into the future that a cash amount occurs, the \_\_\_\_\_ will be its present value.
7. Compound interest means that interest is earned on both the \_\_\_\_\_ and on the accumulated interest.
9. When you decrease the interest rate for discounting a future amount, its present value will \_\_\_\_\_.
10. When you increase the interest rate used to calculate the present value of a future amount, its present value will \_\_\_\_\_.
12. A present value \_\_\_\_\_ provides factors to assist in calculating present values.
14. Interest on interest is referred to as \_\_\_\_\_ interest.
16. The four amounts involved in calculating the present value of 1 are the present value, the \_\_\_\_\_ cash amount, the interest rate used to discount the future amount, and the number of periods before the future amount will occur.
21. An \_\_\_\_\_ schedule shows how a balance is systematically reduced and the correlation of the balance with each period's interest.
24. Rather than discounting accrual accounting amounts, the present value of 1 calculation discounts a future \_\_\_\_\_ amount.
25. The cash equivalent amount at time period zero is the \_\_\_\_\_ value.
26. The present value of \_\_\_\_\_ table is used to discount a single, future amount.
28. The annual interest rate is often stated as the rate per year or the rate per \_\_\_\_\_.
30. The rate used to \_\_\_\_\_ the future cash flows could be the company's desired rate of return.

## **ACROSS** (Present Value of an Ordinary Annuity)

31. When you discount a future amount to its present value, the amount that is removed is referred to as \_\_\_\_\_.
32. If you know the present value, the future amount, and the interest rate, you can calculate the \_\_\_\_\_ of time between time period 0 and the date that the future amount occurs.
33. The interest \_\_\_\_\_ implicit in a payment due in five years can be determined if we also know the present value and future value.

## Down (Present Value of an Ordinary Annuity)

2. To obtain more precision than available from present value tables, it is recommended that you use a financial \_\_\_\_\_ or computer software.
3. The number by which you would divide the annual interest rate, if interest is compounded monthly.
4. Interest on principal only (not interest on interest) is \_\_\_\_\_ interest.
6. The amount at the intersection of the rate and the number of periods on a present value of 1 table is referred to as a present value \_\_\_\_\_.
8. The cost principle requires that a transaction be recorded at its present value if neither the cost nor the fair \_\_\_\_\_ value of the transaction is known.
11. The number of periods (n) that you would reference in a PV of 1 table if interest is compounded semiannually for three years from time period 0.
13. If the discount on a note is significant, it should be amortized using the \_\_\_\_\_ interest rate method.
15. Removing interest from future amounts is referred to as \_\_\_\_\_.
17. If interest is compounded \_\_\_\_\_, the interest rate per period would be one-twelfth of the annual interest rate.
18. If interest is compounded \_\_\_\_\_, the interest rate for those periods would be one-fourth of the annual interest rate.
19. A single deposit today will grow to a significant amount in the future due to the \_\_\_\_\_ of interest.
20. The discount on notes receivable is amortized to the income statement over the \_\_\_\_\_ of the note.
22. Present value techniques are used in \_\_\_\_\_ cash flow models.
23. The time value of money means that a five-year promissory note without a stated interest rate will have an \_\_\_\_\_ interest rate.

## Down (Present Value of an Ordinary Annuity)

27. The \_\_\_\_\_-line method of amortizing discount is permitted if the amounts are not significant.
29. Using present value calculations for amounts occurring in different time periods is important because of the time \_\_\_\_\_ of money.

# Solutions (Present Value of an Ordinary Annuity)

